

Year-End Financial Statement Analysis and Footnote Disclosure Requirements Guide FY 2005

Financial Statement Tie-point Analysis	2
Significant Account Balance Changes.....	2
Environmental Liability Reconciliations	2
Trading Partner Code Analysis and Year-End Confirmations	3
Trading Partner Code Analysis	3
Intra-Inter DOE Office Confirmations	8
Treasury Closing Package Disclosure Requirements	9
Direct Loans and Loan Guarantees.	9
Commitments and contingencies	9

Analysis of Abnormal Balances

An abnormal balances report is available in GL inquiry to assist field offices in identifying and correcting abnormal account balances. An explanation for any year-end uncorrected abnormal balances must be provided in each field office's year-end submission.

Financial Statement Tie-point Analysis

For each allottee and fund group, identify and correct or provide an explanation for all unresolved financial statement tie-points. These will include a comparison of the assets to liabilities and net position for each balance sheet, and a comparison of net costs between the Statement of Net Costs and the Statement of Financing.

Significant Account Balance Changes

Field offices should analyze the Balance Sheet, Statement of Net Costs, Statement of Changes in Net Position, and Statement of Financing at the allottee level and provide an explanation for any significant change (greater than \$20 million) for each line between the FY 2005 balances and the related balance from the FY 2004 financial statements. Explanations are not required for the following lines: fund balance with Treasury, investments, regulatory assets, appropriated capital owed to Treasury, deferred revenues, environmental liabilities, pensions and other actuarial liabilities, contingencies, unexpended appropriations, cumulative results of operations, and prior period adjustments. However, it should be noted that, even though field offices are not being required to provide explanations for significant changes in the above accounts, KPMG auditors may require explanations for specific differences.

Please ensure that explanations are thorough and state not only what has changed but also provide adequate detail as to why the significant change occurred. Field offices are reminded that the significant account balance change analysis is an important internal control for financial reporting, and is a management responsibility that cannot be substituted by work performed by our independent auditors.

Environmental Liability Reconciliations

Several reports have been developed in STARS to extract and reconcile environmental liability data. The format of the required third quarter environmental liability disclosures have been previously provided to field offices by Lois Jessup in the Office of Financial Policy. Submissions of these disclosures should be made directly to Ms. Jessup in accordance with due dates established by her. If you have any questions regarding the environmental liability disclosures, you may contact Ms. Jessup directly on (202) 586-3959.

Reconciliations of the EM operating and capital expenditures to the environmental liability reductions related to these expenditures must be performed and submitted with the field office year-end submission. The following reports are available in GL Inquiry to assist in preparing these reconciliations:

EM Capital Expenditures Reconciliation Report
EM Capital Expenditures Reconciliation by Fund Report
EM Capital Expenditures Reconciliation by Program Report
EM Operating Expenditures Reconciliation Report
EM Operating Expenditures Reconciliation by Fund Report
EM Operating Expenditures Reconciliation by Program Report

In addition to these reconciliations, field offices should compare the funded environmental liability balances by fund (SGL 2995F100 – 2995F900) to the unexpended balances for those funds per the balance sheet to ensure that the funded environmental liabilities are reasonable. In no instance should the funded environmental liability exceed the unexpended appropriation balance.

Trading Partner Code Analysis and Year-End Confirmations

Trading Partner Code Analysis

The Trading Partner Code flexfield is used during the financial statement preparation process to (1) identify and report intra-governmental balances with other Federal agencies on the principal financial statements and related footnote disclosures, and (2) identify and eliminate intra/inter-DOE office/fund transactions.

Due to issues associated with transitioning to STARS and the SGL account code based structure, it is anticipated that correcting entries will be needed at the integrated contractor, field office, and Departmental-levels to correct trading partner code problems for FY 2005 year-end. Several reports have been developed and are now in production to assist EFASC-Germantown and field offices with the required analysis to make these corrections.

DOE Trial Balance of Non-Federal SGL Accounts with Trading Partner Codes (CSV Output)

To identify non-Federal SGL accounts for which trading partner code values have been used the exception report *DOE Trial Balance of Non-Federal SGL Accounts with Trading Partner Codes (CSV) Output* is available in GL Inquiry. Each field office should run this report for their allottee during September to become familiar with those SGL accounts for which no trading partner codes should be used. Each integrated contractor should also be provided with a copy of this report for their reporting entity for the same purpose. (Please note that the integrated contractors do not report trading partner codes, but rather the OPI codes they do submit are cross-walked to trading partner codes as part of the IC interface process.)

It will **not be** necessary for field offices or integrated contractors to make any corrections to these trading partner codes for FY 2005. Entries will be generated by the STARS Team on October 13th to remove any trading partner codes on these SGL accounts. It is expected that field offices will review their procedures to ensure that FY 2006 transactions do not contain trading partner codes for these accounts. Similarly, integrated contractors will need to review their processes to ensure that OPI codes are not included for these accounts in FY 2006. Efforts will also be undertaken corporately to review systemic issues that might be contributing to these trading partner code problems.

This report includes the following accounts or account ranges:

10100000 - 1012000	Fund Balance with Treasury
11200000	Imprest Funds
1310R500	ACCOUNTS RECEIVABLES, REIMBURSABLE – NON FEDERAL
1319D200	Allowance For Loss On Accounts Receivable, Direct – Non Federal
1319R200	Allowance For Loss On Accounts Receivable, Reimbursable – Non Federal
1310D200	Accounts Receivable, Direct – Non Federal
1310D700	Accounts Receivable, Direct – Contractor Parent
1310RF00	Accounts Receivable, Reimbursable – Non Federal (Scc 19)
1310RH00	Accounts Receivable, Reimbursable – Non Federal (Scc 50)
14100200	Advances To Others, Non Federal
1450U700	Prepayments, Unfunded Pension Prepayments

15111000 - 15181300	Operating Materials and Supplies
15250000	Inventory – Raw Materials
15260100 - 15269300	Inventory Work in Process
15270100 - 15270200	Inventory – Finished Goods
15290100	Inventory Allowance
15710100 – 15717100	Stockpile Materials
16200100	Investments Held Outside Treasury
16900000	Other Investments
17110000 – 18999900	Property, Plant & Equipment
19909900	Other Assets, Suspense
1990A600	Other Assets, Non-Budgetary, Oil Due from Others
1990A900	Other Assets, Non-Budgetary, All Other
1990B100 – 1990B700	Other Assets, Budgetary
21100900	Accounts Payable, Non-Federal
21200100 – 21200900	Disbursements in Transit
21300000	Contract Holdbacks
21400000	Accrued Interest Payable
22100000	Accrued Funded Payroll and Benefits
22110000	Withholdings Payable
22150000	Other Post Employment Benefits Due and Payable
22200000	Unfunded Leave
23100900	Advances from Others – All Other (Opening Balances)
23101900	Advances from Others – All Other – Collections (SCC 19, 21, 23, 18)
23103900	Advances from Others – All Other – Costs Incurred (SCC 60)
23109300	Advances from Others – Suspense – Costs Incurred
23200200 - 23209900	Deferred Credits
24000000	Liability for Deposit Funds and Suspense Accounts
2690U100 – 2690U400	Actuarial Liabilities
2920F000 – 2920U000	Contingent Liabilities
2940F000	Capital Lease Liability, Covered By Budgetary Resources
2940U000	Capital Lease Liability, Not Covered By Budgetary Resources
29600000	Accounts Payable from Cancelled Appropriations
29909900	Other Liabilities
2990F300	Other Liabilities, Non-Deposit Funds Held For Others
2990F400	Other Liabilities, Uncollected Amounts To Be Returned To Others
2990U100	Other Liabilities Not Covered By Budgetary Resources – ES&H Liabilities
2990U900	Other Liabilities, Not Covered By Budgetary Resources, All Others
2995F100 – 2995U900	Est. Cleanup Cost Liability
31000000	Unexpended Appropriations, Opening Balances
31010100	Unexpended Appropriations – Warrants
31010600 – 31010900	Unexpended Appropriations
31012000	Unexpended Appropriations – Obligated
31060100	Unexpended Appropriations – Adjustments, Cancellations of Expired Approp
31060300	Unexpended Appropriations – Adjustments, Rescissions
31060900	Unexpended Appropriations – Adjustments, All Other
31070100 – 31070900	Unexpended Appropriations
31080000 – 31090000	Unexpended Appropriations – Prior Period Adjustments
33100000 – 33100900	Cumulative Results of Operations

53200200 – 53290200	Penalties, Fines and Administrative Fees
56000000	Donated Revenues
57000000	Expended Appropriations
57080000 – 57090000	Expended Appropriations, Prior Period Adjustments
57200000	Net Book Value Retired
57800000	Imputed Financing Sources
57900300	Other Financing Sources
57900900	Other Financing Sources – All Other
61900000	Contra Bad Debt Expense – Incurred for Others
67100100	Depreciation
67200000	Bad Debt Expense
67300000	Imputed Costs
67900100 – 67900900	Other Expense not Requiring Budgetary Resources
68000100 – 6800U900	Future Funded Expenses
71100900	Gains on Disposition of Assets, All Other
71900100 - 71900900	Other Gains
72100900	Losses on Disposition of Assets, All Other
72900000 – 72900900	Other Losses
73000000 - 73000200	Extraordinary Items
74000000 – 74010900	Prior Period Adjustments
76000000	Changes in Actuarial Liabilities

DOE Trial Balance of Intra-Governmental Accounts Missing a Trading Partner Code (CSV output)

The exception report *DOE Trial Balance of Intra-Governmental Accounts Missing a Trading Partner Code (CSV output)* is available in GL Inquiry. Field offices need to review this report and make correcting entries, or have their integrated contractors make correcting entries, for these balances. In those instances where correcting entries must be made by EFASC-Germantown or Oak Ridge, please work with your contacts in these respective offices. This report includes the following accounts:

13100600	Accounts Receivable, Direct Defense – Net
13109300	Accounts Receivable, Unbilled, Federal
1310C100	Accounts Receivable, Offsetting Receipts, Federal
1310D100	Accounts Receivable, Direct – Other Federal Agencies
1310D600	Accounts Receivable, Direct-Defense-NWF
1310R100	Accounts Receivables, Reimbursable – Other Federal Agencies (Opening Balances)
1310R400	Accounts Receivable, Reimbursable – Other Federal Agencies
1310E100	Accounts Receivables, Refund – Other Federal Agencies
1310N100	Accounts Receivables, OFA
13109900	Accounts Receivables, Suspense – OPACS
1310RB00	Accounts Receivables, Reimbursable – Other Federal Agencies (Sc 19, 18, 21, 23)
1310RD00	Accounts Receivables, Reimbursable – Other Federal Agencies (Sc 50, 60)
14100100	Advances to Others – Other Federal Agencies
14500100	Prepayments, Other Federal Agencies
16100100 - 16100600	Inv in Treasury Securities
16110200 – 16110500	Discount on Treasury Securities

16120200 – 16120500	Premium on Treasury Securities
16130200 – 16131500	Amortization of Premium/Discount on Treasury Securities
16180200 – 16180900	Market Value Adjustments on Investments
16300400 – 16390900	Zero Coupon Bonds
21100100	Accounts Payable – Other Federal Agencies
23100100	Advances from Others – Other Federal Agencies
23101100	Advances from Others – Other Federal Agencies – Collections (SCC 19, 18, 21, 23)
23103100	Advances from Others – Other Federal Agencies – Costs (SCC 60)
23200100	Deferred Credits – Other Federal Agencies
25100100	Principal Payable to Treasury
25100200	Refinanced Appropriations (PMA)
25100300	Capitalization Adjustment (PMA)
2990F100	Other Liabilities, Appropriated Capital Owed to Treasury
31020000	Unexpended Appropriations – Transfers-In
31030000	Unexpended Appropriations – Transfers-Out
52000900	Revenue From Services Provided To Others, All Others Fund when Fund = 0056 or 00910
57200200	Financing Sources Transf. In W/O Reimb., Non-Budg – PP&E Non-DOE
57200900	Financing Sources Transf. In W/O Reimb., Non-Budg – All Other Non-DOE
57300200	Financing Sources Transf. Out W/O Reimb., Non-Budg – PP&E Non-DOE
57300900	Financing Sources Transf. Out W/O Reimb., Non-Budg – All Other Non-DOE

DOE Trial Balance of DOE Inter/Intra Office SGL Accounts Without 89 Trading Partner Code (CSV output)

The exception report *DOE Trial Balance of DOE Inter/Intra Office SGL Accounts Without 89 Trading Partner Code (CSV output)* is available in GL Inquiry. Each field office should run this report for their allottee during September to become familiar with those SGL accounts for which a trading partner code 89 (DOE) is required. Each integrated contractor should also be provided with a copy of this report for their reporting entity for the same purpose.

It will **not be** necessary for field offices or integrated contractors to make any corrections to the balances identified on this report for FY 2005. Entries will be generated by the STARS Team on October 13th to add trading partner code 89 to these records. It is expected that field offices will review their procedures to ensure that FY 2006 transactions contain the 89 trading partner code for these accounts. Similarly, integrated contractors will need to review their processes to ensure that a DOE OPI code is used for these accounts in FY 2006. Efforts will also be undertaken corporately to review systemic issues that might be contributing to the missing 89 trading partner code problems. The report includes the following SGL accounts:

1310D500	Accounts Receivable, Direct – Doe
1310E500	Accounts Receivable, Refund – Doe
1310R600	Accounts Receivable, Reimbursable – Doe (Opening Balances)
1310RQ00	Accounts Receivable Reimbursable – Doe (SCC 21)
1310RR00	Accounts Receivable Reimbursable – Doe (SCC 50)
1310R700	ACCOUNTS RECEIVABLE REIMBURSABLE – DOE
14100600	Advances To Others, Doe
21100500	Accounts Payable, Intra-Doe
21100600	Accounts Payable, Inter-Doe

23100500	Advances From Others - Intra-Doe
23100600	Advances From Others - Inter-Doe
31010200	Unexpended Appropriations – Transfers In (SF-1151 Within Doe)
31010300	Unexpended Appropriations – Transfers Out (SF-1151 Within Doe)
31020200	UNEXPENDED APPROPRIATIONS – TRANSFERS-IN (DOE)
31030200	UNEXPENDED APPROPRIATIONS – TRANSFERS-OUT DOE
52000900 when fund	
02400	Revenue From Services Provided To Others, All Other
57200100	Financing Sources Transferred In, Non Bud. – PP&E DOE
57200800	Financing Sources Transferred In, Non Bud. – All Other DOE
5720A100	Financing Sources Transferred In, Non Bud. - Interoffice Inv
5720A200	Financing Sources Transferred In, Non Bud. - Interoffice PP&E
5720A300	Financing Sources Transferred In, Non Bud. - Intraoffice Inv
5720A400	Financing Sources Transferred In, Non Bud. - Intraoffice PP&E
5720A500	Financing Sources Transferred In, Non Bud. - Environmental Liabilities
5720A700	Financing Sources Transf. In W/O Reimb. Non-Budg. – Balancing
5720B500	Financing Sources Transferred In, Bud. – Intraoffice
5720B600	Financing Sources Transferred In, Bud. – Interoffice
57300100	Financing Sources Transferred Out, Non Bud. – PP&E DOE
57300800	Financing Sources Transferred Out, Non Bud. – All Other DOE
5730A100	Financing Sources Transferred Out, Non Bud. - Interoffice Inv
5730A200	Financing Sources Transferred Out, Non Bud. - Interoffice PP&E
5730A300	Financing Sources Transferred Out, Non Bud. - Intraoffice Inv
5730A400	Financing Sources Transferred Out, Non Bud. - Intraoffice PP&E
5730A500	Financing Sources Transferred Out, Non Bud. - Environmental Liabilities
5730B500	Financing Sources Transferred Out, Bud. - Intraoffice
5730B600	Financing Sources Transferred Out, Bud. - Interoffice
57900100	Other Financing Sources - Intra-Office
57900200	Other Financing Sources - Inter-Office
57900400	Other Financing Sources – Cy Payments With Integrated Contractors (8123)
57900500	Other Financing Sources – Cy Payments With Integrated Contractors (8123)
5900E400 when fund = 02400	Other Revenue, Deferred Revenue Adj – Exchange-Not In DOE’S Budget

DOE Trial Balance of Non-DOE Intra/Inter Office Accounts with 89 Trading Partner Code (CSV output)

The exception report *DOE Trial Balance of Non-DOE Intra/Inter Office Accounts with 89 Trading Partner Code (CSV output)* is available in GL Inquiry. Each field office should run this report for their allottee during September to become familiar with those SGL accounts for which a trading partner code 89 (DOE) should not be used. Each integrated contractor should also be provided with a copy of this report for their reporting entity for the same purpose.

It will **not be** necessary for field offices or integrated contractors to make any corrections to the balances identified on this report for FY 2005. Entries will be generated by the STARS Team on October 13th to remove trading partner code 89 from these records. It is expected that field offices will review their procedures to ensure that FY 2006 transactions do not contain the 89 trading partner code for these accounts. Similarly, integrated contractors will need to review their processes to ensure that a DOE OPI code is not used for these accounts in FY 2006. Efforts will

also be undertaken corporately to review systemic issues that might be contributing to the trading partner code 89 problems. The report includes the following SGL accounts:

57200900	Financing Sources Transf. In W/O Reimb. Non-Budg. – All Other Non-DOE
57300900	Financing Sources Transf. Out W/O Reimb. Non-Budg. – All Other Non-DOE
5730A800	Financing Sources Transf. Out W/O Reimb. Non-Budg. – Miscellaneous Receipts
57550100	Nonexpenditure Financing Sources – Tranters - In
5900C200	Other Revenue, Exchange, Offsetting Receipts, Not in Doe's Budget (Zn1405 Ft 57)
5900C700	Other Revenue, Exchange, Offsetting Receipts – Custodial
5900E300	Other Revenue, Deferred Revenue Adj –Exchange-In Doe's Budget
5900E400	Other Revenue, Deferred Revenue Adj –Exchange-Not In Doe's Budget
5900E700	Other Revenue, Exchange – Custodial
5900E800	Other Revenue, Exchange – Miscellaneous Receipts Returned To Treasury
59910000	Accrued Collection For Others
61009900	Integrated Contractor Cost Overruns and Undistributed Costs
6400	Benefits Expense
67100900	AMORTIZATION AND DEPLETION
67200000	Bad Debt Expense
67300000	Imputed Costs
67900100	Other Exp Not Requiring Budgetary Resources – Revaluation of Assets
67900200	Other Exp Not Requiring Budgetary Resources – Revaluation of Nuclear Materials
67900400	Other Exp Not Requiring Budgetary Resources – AFUDC
67900500	Other Exp Not Requiring Budgetary Resources – Capitalization Adjustment
67900900	Other Exp Not Requiring Budgetary Resources – All Other
68000100 –	Future Funded Expenses
6800U900	
71100100 – 71100900	Gains on Disposition of Assets
71110100 – 71110900	Gains on Disposition of Investments
71800000	Unrealized Holding Gains on Investments
71900100 – 71900900	Other Gains
72100100 - 72100900	Losses On Disposition Of Assets
72110100 – 72110900	Losses on Disposition of Investments
72800200 – 72800400	Unrealized Holding Losses on Investments
72900000 – 72900900	Other Losses
73000000 - 73000200	Extraordinary Items
74000100 – 74010900	Prior Period Adjustments

Intra-Inter DOE Office Confirmations

The Trading Partner code 89 is used to identify intra and inter-DOE office/fund transactions that require elimination entries for financial statement reporting purposes. Field offices must review and confirm any material SGL account balances with the 89 trading partner code. (Note: Nuclear materials transfers are a special subsection of the intra/inter-office eliminations for which NS will provide specific confirmation requirements.)

The following two reports are available in STARS to identify intra/inter office balances:

DOE Trial Balance of DOE Inter/Intra Office Real Account Proprietary Balances with OPI Detail (CSV output) - This report includes SGL accounts 10100000 - 33100900

DOE Trial Balance of DOE Inter/Intra Office Nominal Account Proprietary Balances with OPI detail (CSV output) - This report include SGLs accounts 51000000 – 76000000

The process for performing confirmations for the interoffice account balances is still under development/review at this time. More specific guidance will be issued under separate cover on this matter.

Treasury Closing Package Disclosure Requirements

DOE is required to submit “reclassified” FY 2005 financial statements and footnotes to Treasury as input to the Government-wide financial statements. The Financial Reporting and Analysis Division will be responsible for submitting these reclassified financial statements and associated footnote disclosures in the form of a year-end closing package to Treasury. Some of the required footnote information is not available from STARS and will therefore need to be provided to EFASC directly by field offices. The additional closing package footnote information needed is as follows:

Direct Loans and Loan Guarantees

1. **This information only applies to the National Energy Technology Laboratory (NETL).** EFASC will work directly with NETL in obtaining the required information.

Commitments

Commitments are long-term contractual agreements entered into by the Federal Government, such as operating leases and undelivered orders that become liabilities when required actions or conditions under the agreements have occurred. The following information is required.

1. Capital leases (Assets) - Provide the Federal and non-Federal amounts for capital leases and accumulated depreciation/amortization, by major asset category, for the current and prior years.

	FY 2005		FY 2004	
	Federal	Non-Fed	Federal	Non-Fed
Asset Description	X	X	X	X
Accumulated Dep/ Amortization	X	X	X	X
Net capital lease asset	X	X	X	X

2. Capital Leases (Liabilities) - Provide the Federal and non-Federal amounts of future minimum lease payments, imputed interest, and executory costs including any profit for the current and prior years.

	FY 2005		FY 2004	
	Federal	Non-Fed	Federal	Non-Fed
Future minimum				
Lease payments	X	X	X	X
Imputed interest	X	X	X	X
Executory costs including				
Profit	X	X	X	X
Total capital lease liability	X	X	X	X

3. Operating leases and undelivered orders - Provide the Federal and non-Federal amounts of future operating lease payments and the undelivered orders for the current and prior years

	<u>FY 2005</u>		<u>FY 2004</u>	
	Federal	Non-Fed	Federal	Non-Fed
Operating leases	X	X	X	X
Undelivered orders	X	X	X	X

4. Other commitments - Provide the Federal and non-Federal amounts of other commitments not reported above.

	<u>FY 2005</u>		<u>FY 2004</u>	
	Federal	Non-Fed	Federal	Non-Fed
Description	X	X	X	X

5. Risks assumed – Enter the current amount (present value of unpaid expected losses net of associated premiums based on the risk assumed as a result of insurance or guarantee coverage) arising from Federal insurance and guarantee programs for the current and prior years. Also provide the periodic changes of risks assumed.

	<u>FY 2005</u>	<u>FY 2004</u>
Current amount of risk assumed	X	X
Periodic changes	X	X

6. Provide the indicators of the range of uncertainty around Federal insurance and guarantee program related estimates and sensitivity of estimates to changes in major assumptions. See SFFAS No. 5, Par.114.
7. Provide a statement if the estimate of possible liability cannot be made.
8. Describe the lessee's leasing arrangements including the basis on which contingent rental payments are determined, the existence and terms of renewal or purchase options, escalation clauses, and restrictions imposed by lease agreement.
9. Provide any other relevant information.

Field offices must ensure that the footnote information provided is consistent with related amounts reported on their financial statements. For example, the amount reported for capitalized assets should tie to the related liability. Please note that the amount reported for operating leases will not tie to a specific SGL account since we do not capture this information in STARS. Please direct questions related to the closing package to Marion Hoch on (301) 903-4216 or Deanna Ammons on (301) 903- 5374.